

PUBLIC DISCLOSURE

July 15, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

AVIDIA BANK

Certificate # 90215

**42 MAIN STREET
HUDSON, MASSACHUSETTS 01794**

Division of Banks

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Federal Deposit Insurance Corporation

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NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Deposit Insurance Corporation or the Division of Banks concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution’s record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution’s record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Avidia Bank (or the “Bank”)**, prepared by the Division and the FDIC, the institution’s supervisory agencies as of **July 15, 2013**. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution’s branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division’s regulation 209 CMR 46.00. The FDIC rates the CRA performance institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC’s Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory.”

An institution in this group has an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank’s performance under each of these two tests is summarized below:

Lending Test

The institution is rated “**Satisfactory**” under the Lending Test. This rating is supported by the following summary of results.

Loan-to-Deposit Ratio

The loan-to-deposit (“LTD”) ratio is more than reasonable (considering seasonal variations and taking into account lending-related activities) given the institution’s size, financial condition, and assessment area credit needs. The Bank’s average net LTD ratio over the 12 quarters since the prior CRA evaluation, dated April 5, 2010, was approximately 91 percent. The Bank’s net LTD ratio as of March 31, 2013 is 96.3 percent. The institution also sells loans to the secondary market, and compared favorably to similarly situated banks.

Assessment Area Concentration

A majority of the Bank’s home mortgage and small business loans, by number, were made within its designated assessment area. During 2011 and 2012, 58.1 percent of the number of home mortgage loans, and 60.0 percent of the number of small business loans were made inside the assessment area. The total dollar amount was just slightly below 50 percent (49.7 percent).

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The Bank was slightly below the 2011 aggregate's performance in making home mortgage loans in the area's moderate-income geographies. However, in 2012 the Bank exceeded the percentage of owner-occupied units in the moderate-income tracts by nearly double. Based on the sample, the Bank made no loans in 2011 to small businesses in the moderate-income tracts; however, there was a significant improvement in 2012. The Bank's performance represents a positive trend in extending small business loans in moderate tract geographies.

Borrower Characteristics

Overall, the distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including low- and moderate-income), and businesses of different revenue sizes. The Bank exceeded the aggregate market in 2011 to both low- and moderate-income borrowers, as well as the percentage of total moderate-income families in 2012. The total number of loans made to low- and moderate-income borrowers increased from 2011 to 2012. Avidia Bank achieved market ranks, in 2011, of 3rd and 9th, respectively to low- and moderate-income borrowers. Based on the sample, the Bank's 2011 percentage of loans to small businesses was comparable to the percentage of small businesses in the assessment area. The number and percentage of loans to small businesses increased in 2012, with the Bank's percentage significantly exceeding the percentage of small businesses in the assessment area.

Response to Complaints

Avidia Bank did not receive any CRA-related complaints during the review period. The Bank maintains procedures to handle complaints, including those related to CRA.

Community Development Test

The institution is rated "**Satisfactory**" under the Community Development Test.

The institution demonstrated adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the institution's capacity and the need and availability of such opportunities throughout the institution's assessment area. The rating is supported by the following factors.

Community Development Loans

The Bank made two qualified community development loans totaling approximately \$6.5 million during the evaluation period. These loans provided affordable housing to low- and moderate income individuals.

Community Development Investments

The Bank made \$304,695 in qualified charitable donations during the review period. Donations primarily assisted organizations which provide community services targeted to low- and moderate- income individuals. The Bank also maintains approximately \$14.2 million in qualified equity investments.

Community Development Services

The Bank provided community development services throughout the evaluation period, including involvement in various community development organizations and participation in financial education and outreach programs.

SCOPE OF THE EXAMINATION

This evaluation assessed Avidia Bank's CRA performance utilizing Intermediate Small Bank ("ISB") procedures, as established by the Federal Financial Institutions Examination Council (FFIEC). These procedures require two performance tests: the Lending Test and the Community Development Test. The Lending Test analyzes an institution's applicable home mortgage, small business, and small farm loans during a certain review period. The Community Development Test analyzes the qualified activities (loans, investments, and services) an institution performed to serve the needs of the community since the previous evaluation.

The Lending Test considered the Bank's home mortgage and small business lending. The Bank's most recent Report of Condition and Income ("Call Report"), dated March 31, 2013, indicated residential lending, including all loans secured by 1-4 family and multi-family residential properties, represented 47.9 percent of the loan portfolio. Commercial lending, consisting of commercial real estate and commercial and industrial loans, represented 44.6 percent of the loan portfolio. Residential lending represented the majority of loan volume during the review period; therefore, the Bank's performance in home mortgage lending carried more weight in the Lending Test. Consumer and small farm loans made up a very small percentage of the Bank's loan portfolio thus; these product lines were not analyzed.

Data reviewed includes all originated home mortgage loans reported on the Bank's Home Mortgage Disclosure Act ("HMDA") loan application registers ("LARs") for 2011 and 2012. The LARs contain data about home purchase and home improvement loans, including refinances of 1-4 family and multi-family properties. The Bank reported 369 loans totaling \$94.6 million in 2011 and 650 loans totaling \$170.7 million in 2012. The Bank's home mortgage lending performance was compared against 2011 aggregate lending data and relevant demographic data. Aggregate data was not available as for 2012. Aggregate data includes the lending activity of all institutions subject to HMDA reporting within the Bank's assessment area.

Small business loans were also reviewed for the same period. As an ISB, the Bank is not required to collect and report small business lending data. The Bank's internal records revealed the institution originated 256 small business loans totaling \$45.0 million in 2011, and 324 small business loans totaling \$63.3 million in 2012. As the Bank is not required to report small business loan data, small business aggregate data was not used for formal comparison purposes. Instead, business demographics of the assessment area were used to measure the Bank's performance. Sampling procedures were utilized to analyze the Bank's small business lending activity.

The sampling procedure utilized a 90.0 percent confidence interval with a level of precision plus or minus 15.0 percentage points. This means there is a 90.0 percent chance the results from the sample will be within 15.0 percentage points of the true proportion. The samples of small business loans for 2011 and 2012 contained 40 loans each. Both the number and dollar volume of loans were reviewed; however, the number of loans was weighted more heavily than the dollar volume, as the number of loans is less likely to be influenced by factors such as applicant income level and business size. If dollar volume were emphasized, higher income borrowers or geographical areas would generally appear to receive a larger percentage of loans simply because each loan is likely to be larger.

While the Lending Test discusses the total dollar amount of loans, conclusions were primarily based on the number of loans originated or purchased. The number of loans correlates more closely with the number of individuals or businesses that obtained loans. Extremely large or small dollar loans could skew conclusions.

The demographic data referenced in this evaluation was obtained from the 2000 United States (U.S.) Census for the comparison of 2011 data and from the 2010 U.S. Census for the comparison of 2012 data, unless otherwise noted. Financial data was generally obtained from the March 31, 2013 Call Report.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services between April 5, 2010 and July 15, 2013.

The prior CRA evaluation was conducted by the Division and the FDIC as of April 5, 2010, using ISB procedures. The evaluation resulted in an overall “Satisfactory” rating by the FDIC and the Division.

PERFORMANCE CONTEXT

Description of Institution

Avidia Bank is a State-chartered mutual savings bank headquartered at 42 Main Street Hudson, Massachusetts. The Bank has eight additional branches located in Hudson, Clinton, Leominster, Marlborough, Northborough, Shrewsbury, and Westborough (2).

The Bank's main branch and the Clinton branch are both located in moderate-income census tracts. The other Hudson branch, Leominster branch, Marlborough branch, Shrewsbury branch, and one of the Westborough branches are located in middle-income tracts. Further, the Northborough branch and other Westborough branch are located in upper-income tracts. The Bank's branch hours are considered reasonable and convenient to its customers. Automated teller machines (ATMs) are located at each branch.

Avidia Bank is a full-service financial institution that offers a wide variety of products and services. The Bank offers a variety of home financing programs for the purchase, refinance, or construction of residential property. The Bank offers commercial real estate loans, business loans, commercial construction loans, automobile loans, and personal loans. The Bank also offers checking accounts, savings accounts, money market accounts, Individual Retirement Accounts (IRA), certificates of deposit, VISA personal and business credit cards, internet banking, mobile banking, business checking accounts, and business lending programs. New products since the last examination include: E-checking, mobile banking, loans offered in conjunction with Mass Housing and the Small Business Administration (SBA).

As of March 31, 2013, the Bank had total assets of \$1.1 billion and total deposits of \$800 million. Total loans were \$778 million and represented 73.1 percent of total assets. Since the last CRA evaluation, the Bank's assets grew 10.3 percent.

Table 1 – Loan Portfolio Distribution as of March 31, 2013		
Loan Type	Dollar Amount \$(000)	Percent of Total Loans
Construction, Land Development, and Other Land Loans	35,152	4.5
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	42,184	5.4
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by First Liens	325,414	41.8
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Jr. Liens	2,331	.3
Secured by Multi-Family (5 or more) Residential Properties	19,616	2.5
Total Residential Real Estate Loans	424,697	54.5
Secured by Farmland (Including Farm Residential and Other Improvements)	395	0.1
Secured by Nonfarm Nonresidential Properties	237,275	30.5
Total Real Estate Loans	662,367	85.1
Commercial and Industrial	110,046	14.1
Credit cards- Other revolving plans.	1,291	.2
Consumer Loans	4,977	.5
Loan to Individuals for Household, Family, or Other Personal Expenditures	296	.1
Total Loans	778,977	100.0

Source: March 31, 2013 Call Report

As depicted in Table 1, the Bank's loans are primarily concentrated in residential real estate, followed by commercial real estate. No financial or legal impediments exist that would limit or impede the Bank's ability to meet the credit needs of the delineated assessment area.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The assessment area as currently defined meets the technical requirements of the regulation since it (1) consists of one or more political subdivisions, (2) includes the geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

Geographies

The Bank's assessment area consists of 18 cities and towns located in Worcester and Middlesex counties in Massachusetts. The following cities and towns are the communities that comprise the assessment area in Worcester County and within the Worcester, Massachusetts (MA) Metropolitan Statistical Area (MSA) #49340: Berlin, Bolton, Boylston, Clinton, Grafton, Lancaster, Leominster, Northborough, Shrewsbury, Southborough, Sterling, Upton, West Boylston, and Westborough. The remaining communities are within Middlesex County and the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) #15764. The following cities and towns are located in Middlesex County: Hopkinton, Hudson, Marlboro, and Stow.

The geographic distribution section of the Lending Test evaluates the distribution of loans by census tract income level, especially in those designated low- and moderate-income. Each census tract is assigned an income level based on the median family income (MFI) of the tract as compared to the MFI established for the MSA in which the tract is located. The four income levels are defined as follows:

Low-Income: Less than 50 percent of MFI

Moderate-Income: At least 50 percent but less than 80 percent of MFI

Middle-Income: At Least 80 percent but less than 120 percent of MFI

Upper-Income: 120 percent or greater of MFI

According to the 2010 U.S. census, the assessment area consists of 53 census tracts. There are no low-income census tracts, 8 moderate-income census tracts, 18 middle-income census tracts, 26 upper-income census tracts, and 1 tract with no income information (N/A). The 8 moderate-income census tracts are located in Marlborough (1), Hudson (1), Leominster (4), and Clinton (2). The N/A tract is located in Grafton and contains the Tufts University Cummings School of Veterinary Medicine.

Table 2 contains pertinent demographic information concerning the assessment area.

Table 2 – Assessment Area Demographic Information

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	53		15.1	34.0	49.1	1.8
Population by Geography	272,201		12.2	33.6	54.2	0.0
Owner-Occupied Housing by Geography	73,760		8.8	34.5	56.7	0.0
Businesses by Geography (2011)	28,192		8.2	51.0	38.8	2.0
Businesses by Geography (2012)	27,339		15.1	34.0	49.1	1.9
Distribution of Families by Income Level	70,076	15.1	14.9	20.5	49.5	0.0
Median Family Income (MFI)		\$104,046	Median Housing Value		\$362,127	
MD #15764 MFI, 2011		\$105,000	Unemployment Rate			
MD #15764 MFI, 2012		\$106,400	2012 Massachusetts		6.7%	
MSA #49430 MFI, 2011		\$82,500	2012 Worcester County		7.5%	
MSA #49430 MFI, 2012		\$83,600	2012 Middlesex County		5.3%	
Families Below Poverty Level		6.3%				

Source: 2010 U.S. Census, 2011 and 2012 D&B data, 2011 and 2012 HUD Estimated Median Family Incomes

* The NA category consists of geographies that have not been assigned an income classification.

2012 Unemployment: Massachusetts Executive Office of Labor and Development.

Median Family Income Levels

The analysis under the *Borrower Characteristics* section of the Lending Test is primarily based on the distribution of home mortgage loans to borrowers of different incomes, using the same four income levels defined in the previous section. The analysis utilized income data from the 2000 U.S. Census and the 2010 U.S. Census. The data has been annually adjusted by the Department of Housing and Urban Development (HUD) for inflation and other economic events. The estimated 2011 and 2012 MFI figures for the Cambridge-Newton-Framingham, MA MD and Worcester, MA MSA are listed in Table 2.

The analysis of the Bank’s home mortgage lending also includes comparisons to the distribution of assessment area families by income level. Table 2 reveals a much higher representation of upper-income families compared to other income categories. Low-income families represent 15.1 percent. Families below the poverty level, a subset of this income designation, represent 6.3 percent of total families and over one-third of total low-income families. This data suggests lending opportunities to low-income families are limited.

Housing Characteristics

Table 2 also illustrates the distribution of owner-occupied housing units by census tract income level. Table 2 shows that owner-occupied housing units in the assessment area are heavily concentrated in middle-income and upper-income census tracts. Only 8.8 percent of total owner-occupied units are in the moderate-income tracts. This limits opportunities to make home mortgage loans in moderate-income census tracts.

Unemployment Data

State and county unemployment rates were obtained from the *Massachusetts Executive Office of Labor and Development*. The Massachusetts unemployment rate was 7.3 percent in 2011 and 6.7 percent in 2012. The Worcester County unemployment rate was 8.1 percent in 2011 and 7.5 percent in 2012. The Middlesex County unemployment rate was 5.9 percent in 2011 and 5.3 percent in 2012.

Business Demographic Data

According to Dun & Bradstreet (D&B) data, there were 27,339 non-farm businesses in the assessment area in 2012. Of total non-farm businesses 15.1 percent were in moderate-income

tracts, 34.0 percent were in middle-income tracts, 49.1 percent were in upper-income tracts, and 1.8 percent N/A. In terms of revenues, 71.6 percent of businesses had gross annual revenues (GARs) of \$1.0 million or less; 5.7 percent had GARs greater than \$1.0 million; and 22.7 percent did not report GAR information.

In 2011 there were 28,192 non-farm businesses in the assessment area. Of total non-farm businesses 8.2 percent were in moderate-income tracts, 51.0 percent were in middle-income tracts, 38.8 percent were in upper-income tracts, and 2.0 N/A. In terms of revenues, 67.4 percent of businesses had GARs of \$1.0 million or less, 4.3 percent reported GARs greater than \$1.0 million and 28.3 percent did not report GAR information.

The number of non-farm businesses in the assessment area declined from 2011 to 2012. Since the Bank's assessment area has no low-income census tracts and only eight moderate-income census tracts, there is a somewhat limited opportunity to originate small business loans in these areas. Conversely, due to the high percentages of businesses with GARs of \$1.0 million or less, there is opportunity for the Bank to lend to small businesses.

Competition

The Bank faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies to large national banks. Among the more prominent lenders competing with the Bank are Wells Fargo, Bank of America, JP Morgan Chase, and Ally Bank.

The 2011 Peer Mortgage Data shows that 332 lenders originated residential mortgage loans in the Bank's assessment area. Avidia Bank ranked 15th with a 1.6 percent market share. The 2012 market share data was not available as of the date of the examination. Additionally, the Bank does not purchase loans, but many of the financial institutions ranked ahead of the Bank purchase large pools of residential loans.

Community Contact

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities and what further opportunities, if any, are available. For purposes of this evaluation, information provided by one such contact was referenced in preparing this evaluation. The contact indicated the Marlborough and Hudson areas have experienced some re-locations of major corporations during the 2008 economic downturn. The departure of several large companies significantly increased the vacancy rates of office space in the area. Conversely, the organization has worked to reduce the vacancy rates by attracting TJX, Quest and Lab Med formerly Boston Scientific to occupy the vacant space. This activity created some economic growth in the area and the organization continues to be a catalyst for the Marlborough area; however, gap financing and Tax Increment Funding (TIF) would help to further spur economic growth.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

The Lending Test considers the institution's performance pursuant to the following criteria: LTD Ratio, Assessment Area Concentration, Borrower Characteristics, Geographic Distribution, and Response to CRA Complaints. Overall, the Bank's performance under the Lending Test is "Satisfactory." This rating indicates that the Bank's lending performance demonstrates a reasonable responsiveness to the credit needs of the assessment area.

Loan-to-Deposit Ratio

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans and its reasonableness. The Bank's LTD ratio is more than reasonable, given the institution's size, financial condition, and assessment area credit needs. The Bank's average net LTD ratio over the 12 quarters since the previous CRA evaluation was 90.9 percent. The Bank's net LTD ratio as of March 31, 2013, was 96.3 percent.

Growth patterns of loans and deposits were also analyzed to assess changes in the net LTD ratio over the course of the review period. Net loans (total loans net of unearned income and allowance for loan losses) generally increased during the review period. Net loans were reported at their highest level at \$771.5 million as of December 31, 2012, and their lowest level at \$686.4 million as of September 30, 2010. Overall, net loans increased by 8.0 percent over the last 12 quarters. Total deposits also increased throughout the review period, resulting in growth of 6.5 percent.

A comparison of the Bank's LTD ratio with three similarly situated banks revealed that Avidia Bank exceeded two of the three institutions and was only slightly below the third.

Additionally, the Bank sells loans in the secondary market. According to the Bank's LARs, from January 1, 2011 through December 31, 2012, 572 loans were sold totaling \$203.3 million. Sold loans are not reflected in the net LTD ratio, but further support the Bank's reasonable performance under this criterion.

Assessment Area Concentration

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area by evaluating the amount of lending conducted within the assessment area. The analysis includes both residential and small business lending. As stated previously, more weight was placed on residential lending performance based on the composition of the Bank's loan portfolio and the volume of loans generated within each product line. Table 3 portrays the Bank's record of originating loans inside and outside the assessment area during the review period.

Table 3 – Distribution of Loans Inside and Outside of Assessment Area

Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total \$('000)
	#	%	#	%		\$('000)	%	\$('000)	%	
Home Mortgage Loans										
2011	236	64.0	133	36.0	369	54,725	57.8	39,918	42.2	94,643
2012	356	54.8	294	45.2	650	75,431	44.2	95,289	55.8	170,720
Total Home Mortgage	592	58.1	427	41.9	1,019	130,156	49.1	135,207	50.9	265,363
Small Business Loans										
2011	25	62.5	15	37.5	40	6,324	62.6	3,782	37.4	10,106
2012	23	57.5	17	42.5	40	2,656	62.3	1,609	37.7	4,265
Total Small Business	48	60.0	32	40.0	80	8,980	62.5	5,391	37.5	14,371
Total Loans	640	58.2	459	41.8	1,099	139,136	49.7	140,598	50.3	279,734

Source: 2011 and 2012 HMDA LARs and Bank Small Business Records

Overall, a majority of the Bank’s residential and small business loans, by number, were originated inside the designated assessment area. The following sections detail the Bank’s performance by loan type.

Home Mortgage Lending

Avidia Bank originated a majority of home mortgage loans inside its assessment area in 2011 and 2012. During 2011, the Bank originated 64.0 percent of loans by number within the assessment area and 57.8 percent by dollar amount in the assessment area. In 2012, the Bank originated 54.8 percent of loans inside the assessment with only 44.2 percent by dollar within the assessment area. While the percentage for the number and dollar amount are declining, the performance is considered reasonable.

The Bank’s assessment area lending was compared to all lenders subject to HMDA. The institution ranked 15th out of 332 lenders in the assessment area in 2011, capturing approximately 1.6 percent of the market share.

Small Business Lending

A sample of small business loan data was analyzed to determine the extent of small business lending within the assessment area. A majority of the sampled small business loans, by number and dollar amount, were made in the assessment area during the review period.

The ratio of loans inside the assessment area decreased slightly from 2011 to 2012, while the dollar volume inside the assessment area remained stable. Overall, the Bank continues to produce a majority of its small business loans within the assessment area.

Geographic Distribution

Overall, the geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area. As previously mentioned the assessment area does not contain low-income census tracts and has only eight moderate-income census tracts. The following sections discuss the Bank’s performance under this criterion with regard to each product line.

Home Mortgage Lending

The distribution of the Bank's home mortgage loans reflects reasonable dispersion throughout the assessment area. Table 4 presents the Bank's home mortgage lending performance by number of loans in 2011 and 2012, as well as aggregate market data for 2011, as aggregate data for 2012 was not available. Table 4 also compares the Bank's performance with the percentage of owner-occupied housing units obtained from the 2000 and 2010 U.S. Censuses.

Table 4 – Distribution of Home Mortgage Loans by Census Tract Income Level							
Census Tract Income Level	% of Total Owner-Occupied Housing Units (2000 U.S. Census)	2011 Aggregate Lending Data (% of #)	2011 Bank		% of Total Owner-Occupied Housing Units (2010 U.S. Census)	2012 Bank	
			#	%		#	%
Moderate	5.9	3.6	6	2.5	8.7	56	15.7
Middle	44.6	33.9	146	61.9	34.5	113	31.7
Upper	49.5	62.5	84	35.6	56.7	187	52.5
Total	100.0	100.0	236	100.0	100.0	356	100.0

Source: 2000 and 2010 U.S. Census Data; 2011 and 2012 HMDA Data

In 2011, the Bank's lending within the moderate-income tracts was slightly below the aggregate market. The Bank's performance improved significantly in 2012, by percentage, within moderate-income census tracts to nearly twice the percentage of owner-occupied units. The number of loans made in the moderate-income tracts also increased.

Market rank reports further highlight the Bank's effectiveness in lending to the area's moderate-income census tracts. In 2011, the Bank ranked 13th within the area's moderate-income geographies, with a market share of approximately 1.1 percent. Avidia Bank was the highest ranked local community bank. The top lenders were all national banks and mortgage companies.

Small Business Lending

The geographic distribution of the sample of the Bank's small business loans reflects reasonable dispersion throughout the assessment area. Table 5 illustrates the Bank's small business lending activity in 2011 and 2012, as well as the composition of businesses by census tract income level.

Table 5 – Distribution of Small Business Loans by Census Tract Income Level						
Census Tract Income Level	2011 % of Total Businesses	2011 Bank		2012 % of Total Businesses	2012 Bank	
		#	%		#	%
Moderate	8.2	0	0.0	15.0	7	30.4
Middle	51.0	15	60.0	34.0	8	34.8
Upper	38.8	10	40.0	49.1	8	34.8
N/A	2.0	0	0.0	1.9	0	0.0
Total	100.0	25	100.0	100.0	23	100.0

Source: 2010 and 2011 D&B Business Data; 2010 and 2011 Bank Small Business Loan Records

In 2011, the Bank made no loans in the moderate-income tracts. However, performance in these geographies improved in 2012, both in number and percentage. As noted, the Bank's performance was two times the percentage of businesses located in the area's moderate-income tracts in 2012.

Borrower Characteristics

Overall, the Bank exhibited excellent penetration of loans to borrowers of different income levels (including low- and moderate-income) and businesses of different revenue sizes. As referenced in the *Scope of the Examination*, more weight was given to the Bank's residential lending performance.

Home Mortgage Lending

The Bank exhibited excellent penetration of loans to low- and moderate-income borrowers in the assessment area. Table 6 displays the Bank's loans by borrower income level in 2011 and 2012. Table 6 also compares the Bank's performance to the distribution of families by income level (based on 2000 and 2010 Census data), and to the 2011 aggregate performance.

Table 6 – Distribution of Home Mortgage Loans by Borrower Income Level							
Income Level	% of Total Families (2000 U.S. Census)	2011 Aggregate Lending Data (% of #)	2011 Bank		% of Total Families (2010 U.S. Census)	2012 Bank	
			#	%		#	%
Low	14.1	4.6	29	12.3	15.1	39	10.9
Moderate	15.6	11.8	42	17.8	14.9	71	19.9
Middle	21.2	20.5	60	25.4	20.5	85	23.9
Upper	49.1	46.8	94	39.8	49.5	144	40.5
Income NA	0.0	16.3	11	4.7	0.0	17	4.8
Total	100.0	100.0	236	100.0	100.0	356	100.0

Source: 2000 and 2010 U.S. Census Data; 2011 and 2012 HMDA Data

In 2011, the bank exceeded the aggregate performance to both low- and moderate-income borrowers. The Bank increased the total number of originations in each of these categories in 2012. It is noted that approximately 40 percent of families in the low-income category live below the poverty level. Families below the poverty level are at an extreme disadvantage when attempting to purchase a home. Given this fact, the Bank's performance, and its ability to exceed the aggregate, is noteworthy. Avidia Bank ranked 3rd in 2011 to low-income borrowers, and was exceeded only by two significantly larger institutions, Bank of America and Wells Fargo.

The Bank also exceeded the percentage of moderate-income families in 2011. This reflects positively on the institution. Avidia Bank ranked 9th with a market share of 2.3 percent. Again, Avidia was the top local lender and was only exceeded by larger national banks and mortgage companies. Given the large number of competitors in the assessment, the rankings reflect positively on the Bank's record of meeting credit needs of low- and moderate-income applicants.

Small Business Lending

The distribution of the Bank's small business loans by GAR level is reasonable. Table 7 illustrates the Bank's small business loans, as well as business composition in the assessment area by GAR.

Table 7 – Distribution of Small Business Loans by Gross Annual Revenues (GAR)						
GAR \$(000)	2011 % of Total Businesses	2011 Bank		2012 % of Total Businesses	2012 Bank	
		#	%		#	%
≤ \$1,000	67.4	15	60.0	71.6	21	91.3
> \$1,000	4.3	9	36.0	5.7	2	8.7
Not Reported	28.3	1	4.0	22.7	0	0.0
Total	100.0	25	100.0	100.0	23	100.0

Source: 2010 and 2011 D&B Business Data; 2010 and 2011 Bank Small Business Loan Records

In 2011, the Bank extended a majority of its small business loans to businesses with GARs of \$1 million or less. This performance was slightly below the percentage of total businesses within the assessment area with GARs of \$1 million or less. The Bank’s performance exceeded the percentage of businesses with revenues less than \$1 million in 2012. Overall, the Bank’s small business loan originations are considered reasonable.

Response to CRA Complaints

Avidia Bank did not receive any CRA-related complaints during the evaluation period. The Bank maintains procedures to handle all incoming complaints, including those related to its CRA performance.

COMMUNITY DEVELOPMENT TEST

Avidia Bank’s community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services as appropriate, considering the institution’s capacity and the need and availability of such opportunities for community development in the institution’s assessment area.

Qualified Community Development Loans

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the bank’s assessment area or a broader statewide or regional area that includes the bank’s assessment area.

The Bank originated two community development loans totaling approximately \$6.5 million since the previous examination dated April 5, 2010, all in the category of Affordable Housing. This amount represents 0.8 percent of the Bank’s total loans and 0.7 percent of total assets.

Table 8 details the bank’s community development loan activity by year and dollar amount.

Table 8 - Community Development Loans

Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)
4/06/2010 – 12/31/2010	1	5,650	0	0	0	0	0	0	0	0	1	5,650
2011	1	801	0	0	0	0	0	0	0	0	2	801
2012	0	0	0	0	0	0	0	0	0	0	0	0
1/01/2013- 7/15/2013	0	0	0	0	0	0	0	0	0	0	0	0
Total	3	6,451	0	0	0	0	0	0	0	0	2	6,451

Source: Bank Records

*Targeted to Low- or Moderate Income Individuals

**Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

The two community development loans promoted affordable housing. The Bank increased community development loan originations from one in the previous period to two in the current review period. The following Community Development loans were originated during this review period.

2010

- In October of 2010, the Bank originated a loan totaling approximately \$5.6 million to refinance an existing loan to an assisted living facility located in Attleboro. The loan provided funds for capital improvements, repairs and other expenses. The assisted living facility has 41 low-income units. Overall, 62 residents, or 80 percent, are designated as low- or moderate-income residents.

2011

- In June of 2011, the Bank granted a \$3.2 million residential land development loan to purchase land, develop infrastructure, and construct homes on a 52 lot subdivision in Sutton. This 40B subdivision has 13 homes (25 percent) that will be designated as affordable housing and will benefit low- or moderate-income individuals and families. The Bank received approximately \$801,000 (25 percent) in lending credit for this loan.

Each of the community development loans is located outside the Bank’s assessment area. Given the recent economic downturn and continued higher cost of real estate in the assessment area, community development lending opportunities are limited in the assessment area.

Qualified Investments

Qualified Equity Investments

As of July 15, 2013, the total value of the Bank's qualified equity investments was approximately \$14.2 million. This equates to 1.2 percent of total assets and 5.0 percent of investments. The following is a summary of the qualified investments made during the evaluation period and/or held in the investment portfolio from prior evaluation periods.

Massachusetts Development Finance Agency

In March of 2012 the Bank invested in a tax exempt bond for \$11.3 million that refinanced an existing bond from another financial institution. Collateral consists of a property that serves as a long-term care facility in Worcester. Approximately 88 percent of its residents are low- or moderate-income.

Massachusetts Housing Investment Corporation (MHIC).

In March of 2012 the Bank made a total commitment of \$2.1 million in a MHIC project. The purpose of the project was to acquire, preserve, and rehabilitate 96 affordable housing units located in Hudson, Massachusetts. The project sponsor is Preservation of Affordable Housing, LLC. The organization is nationally recognized for its focus and successful projects to preserve long-term affordable housing for the elderly and disabled. Preservation of Affordable Housing, LLC owns 7,000 units in 10 states. MHIC invested in eight projects in Massachusetts. The Bank receives low-income housing tax credits. The current project is eligible for low-cost funding from FHLB through the Community Development Advances Program. The funded amount of this investment as of July 15, 2013 was \$440,000.

In July of 2011 the Bank made a total commitment of approximately \$1 million (including fees of \$120,000 for management, acquisition and syndication costs) for a MHIC project. Additional investors are TD Bank and MHIC. The project is for the adaptive reuse and renovation of an historic manufacturing building in Leominster, Massachusetts into affordable residential housing. The building is to be converted into 40 housing units, available to households at or below 60 percent of the area medium income. This is a 12 year investment with historic and low-income tax credits. As of July 15 2013, the Bank funded \$464,800 and the project is scheduled to be fully funded by September of 2013.

Access Capital Strategies Community Investment Fund, Inc.

The Bank holds an investment in the Access Capital Strategies Community Investment Fund, Inc. (the "Fund"). The Fund, which commenced in June of 1998, provides a unique bottom line return by investing in targeted debt securities in communities chosen by its investors. The fund supports community development activities for low- and moderate-income individuals, affordable rental housing units, SBA loans, and economic development projects. The investment benefits the assessment area. The Bank's investment as of July 15, 2013, had a book value of \$459,309.

The Community Reinvestment Act Qualified Investment Fund ("CRA Fund")

The Bank holds an investment in CRA Fund, which was organized on January 15, 1999. The CRA Fund's objective is income derived through investments in high-credit quality fixed-income securities. These investments support community activities such as low-income housing, affordable healthcare, and job training. The investment benefits the current assessment area. The Bank joined this fund in 2003, and as of July 15 2013, maintained a balance of \$991,217.

Senior Housing Crime Prevention Foundation ("SHCPF")

The Bank continues to hold a Federal Home Loan Bank Security with a 7-year maturity as part of the SHCPF. The SHCPF is a national non-profit. The SHCPF administers the Senior Crimestoppers Program in over 4,000 senior housing facilities in 45 states. The program was recently expanded to cover veterans living in nursing homes for the purpose of aiding low- and

moderate-income veterans residing in these facilities. The investment benefits portions of the assessment area. The objective is the reduction of crime in the nation's senior housing facilities and the provision of crime prevention programs to promote safe, secure and high quality of life environments for veterans residing in nursing homes. Sponsorship levels are in \$250,000 increments, which are loans to the foundation. The loans are then fully collateralized with investment grade securities of the Bank's choice. The Bank's investment as of July 15, 2013, had a book value of \$488,361.

Charitable Donations

Avidia Bank made qualified grants and donations to organizations that provided education, youth programs, affordable housing, and health and human services, as well as those that supported business growth and development and benefited low- and moderate-income families and individuals. The Bank made qualified grants and donations both directly and through the Avidia Bank's Charitable Foundation. Total qualified donations made during the review period April 5, 2010 through July 15, 2013, totaled \$304,695, up from \$203,940 reported in the last evaluation, dated April 5, 2010. Table 9 notes the breakdown of the total qualified donations by year.

Table 9 - Community Development Grants and Donations Bank and Charitable Foundation												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)
4/06/2010 – 12/31/2010	3	2	24	74	0	0	0	0	0	0	27	76
2011	4	5	28	82	1	1	0	0	0	0	33	88
2012	5	8	29	88	0	0	0	0	0	0	34	96
1/01/2013- 7/15/2013	1	1	9	43	0	0	0	0	0	0	10	44
Total	13	16	90	287	1	1	0	0	0	0	104	304

Source: Bank Records, *Targeted to Low- or Moderate-Income Individuals, ** In Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

Avidia Bank Charitable Foundation

The Bank's Charitable Foundation makes grants and donations to various organizations within and around its assessment area. The Bank created the Charitable Foundation by the transfer of stock owned by the Bank to the foundation. Transfer of Bank funds or assets is done periodically to maintain the Foundation. The Foundation granted, during the review period, a total of \$259,499 in charitable donations, \$168,500, or 64.9 percent, of which were considered qualified. The following are some of the organizations that received grants from the Foundation.

- Wachusett Health Education Team (WHEAT) – The mission of this organization is to assist low-income households by providing information and referrals for housing, food, healthcare, and any other services needed.
- Boys and Girls Club of Metro-West – This is a non-profit organization that provides social, educational, physical and cultural programs for boys and girls in the Metro-West

area who are in need of financial assistance. The majority of the children are low- or moderate-income.

- Community Legal Aid- This organization provides free legal services to low-income and elderly families and individuals in central and western Massachusetts. Through this organization's advocacy in over 5,000 cases each year, the region's most vulnerable obtain safe and stable housing, and access disability and other benefits.
- Shrewsbury Youth and Family Services Inc. – This non-profit human service agency is a primary provider of social services to low-income families. Its mission is to work with local organizations to provide counseling and educational services to strengthen and enhance the lives of low-income families in the Shrewsbury area.
- Abby's House – A non-profit organization that provides emergency shelter, long-term housing, and supportive services for homeless and battered women and children. Abby's House has helped thousands of women and children make their way out of homelessness.

During the review period the Bank also made \$167,838 in donations to community organizations, of which \$136,195, or 81.1 percent, were considered qualified. The Bank's level of qualified donations indicated an increasing trend since the prior evaluation. For the period of April 6, 2010 through December 31, 2010 the Bank's qualified contributions totaled \$35,255. In 2011, the Bank's qualified contributions totaled \$33,405, representing 0.5 percent of the Bank's pre-tax net operating income. In 2012, the Bank provided \$44,435 in qualified donations, which represented 0.5 percent of pre-tax, net operating income. For the period January 1, 2013 through July 15, 2013 the Bank's qualified contributions totaled \$23,100. The continued community support in each year of the review period reflects positively on the Bank, as it navigated through an extended economic downturn.

The following is a sample of organizations that received donations from the Bank during the review period:

United Way of Tri-County- This organization plays a critical role in the local community by helping those in need. Of the individuals and families this organization assists over 90 percent are considered low- and moderate-income. In addition the organization convenes local resources to address the most critical human needs.

Montachusett Home Care Corporation – This non-profit agency employs nurses and case managers to assist those who need help to remain in their own homes in safety and comfort. Some of the services provided include health care services, transportation, and home delivered meals to low- and moderate-income seniors. Most program recipients are low- or moderate-income.

Employment Options Inc. – This non-profit organization works to provide quality affordable housing, fiscal diversity, personal and workforce development, and services to seniors, youth, and families. The majority of the program recipients are low- or moderate-income.

MetroWest Legal Services- This organization provides free legal aid to low-income individuals who normally would be denied justice without help. The priority areas include: family law, housing, homeless advocacy, education, elder law, health care access, children's care and immigration.

Qualified Community Development Services

A community development service has community development as its primary purpose and is generally related to the provision of financial services. Avidia Bank is currently involved in local services and non-profit entities that qualify as community development organizations, lending their financial expertise to these organizations. Twelve employees are active in these organizations, summarized in Table 10.

Bank Employee Involvement

During the evaluation period, officers and employees of the Bank were involved in a number of organizations in various capacities that represented a community development purpose. Bank personnel provided these organizations with financial expertise serving as directors, officers, and volunteers.

Table 10 - Community Development Services						
Activity Year	Qualifying Category					Totals
	Affordable Housing	Community Services*	Economic Development	Revitalization or Stabilization**	Neighborhood Stabilization Projects	
	#	#	#	#	#	
4/6/2010-12/31/2011	2	7	0	0	0	9
2012	1	6	0	0	0	7
1/1/2013 7/15/2013	1	8	0	0	0	9
Total	4	21	0	0	0	25

Source: Bank Records

**Targeted to Low- or Moderate-Income Individuals*

***Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies*

The following are examples of how the Bank's participation with various organizations benefited the assessment area:

United Way of Tri-County- This organization plays a critical role in the local community by helping those in need. Of the individuals and families this organization assists, over 90 percent are considered low- and moderate-income. The President of the Bank Serves as a Director and provides financial expertise to the organization. A Senior Vice President of the Bank serves on the Asset Allocation Committee. The Bank's Executive Vice President and Chief Financial Officer assists with fundraising and asset allocation.

Seven Hills Foundation- The mission of this organization is to promote and encourage the empowerment of people with significant challenges so that each may pursue their highest possible degree of personal well-being and independence. The majority of the clients served are low- and-moderate income. The President of the Bank serves as a Trustee and offers financial expertise.

Hudson Community Food Pantry – This entity distributes food and grocery products to those in need throughout the community. The Bank’s Assistant Vice President of Collections serves as Treasurer. An Assistant Branch Manager of the Bank is President and Chairman of the Board and assists with financial matters.

Apsley Fund of the Indigent and Elderly – This organization assists in providing aid to those who are in need, aged, or in poor health in the Town of Hudson. The majority of the program recipients are low- or moderate-income. An Assistant Vice President of the Bank is a Trustee and the Treasurer of this organization.

Home Options for Massachusetts Elders (HOME) - This non-profit, organization is dedicated to protecting the equity of low-income elder homeowners. As an independent third party, HOME receives no fees for any loans generated during the counseling process. This allows HOME counselors to focus solely on their mission. The Bank’s former Vice President of Retail Lending served as Treasurer and was a member of the Board. The Bank’s current Vice President of Retail Lending is a member of the Board and offers financial and lending expertise.

Montachusett Home Care Corporation – This non-profit agency employs nurses and case managers to assist those who need help to remain in their own homes in safety and comfort. Some of the services provided include health care services, transportation, and home delivered meals to low- and moderate-income seniors. Most program recipients are low- or moderate-income. A Branch Manager serves on the Money Management Committee.

Financial Education and Outreach

Throughout the evaluation period, Bank personnel and management participated in various education and outreach events that had community development as their primary purpose. The following bullets illustrate an example of these community development activities.

- The Bank conducted two first-time homebuyer seminars at the main office in Hudson during the review period. Bank personnel, along with a local realtor and an attorney, conducted the seminar. It should be noted that the Hudson Office is located within a moderate-income census tract.
- The Bank provided educational banking and financial literacy programs at Saint Michaels School in Hudson, Greater Assabet Valley Partnership for Adult Education, and three presentations at the Hubert Kindergarten School.
- Several Bank employees volunteered at the Reality Fair at Assabet Valley School. Bank employees instructed students on the importance of proper credit card use and helped students understand about budgeting and financial decisions in a simulated “life” situation.

Other Community Development Services

- The Bank offered use of its facilities, at no-charge, to non-profit organizations involved in community development activities. Some of these organizations included HOME and the Assabet Chamber of Commerce.
- Avidia Bank also participated in the Interest on Lawyers’ Trust Accounts (IOLTA). This is a program mandated by the Supreme Judicial Court. It requires lawyers and law firms to

establish interest-bearing accounts for client deposits which are nominal in amount or expected to be short-term. Interest earned is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients. For the period under review, the Bank contributed \$171,236 in interest.

- The Bank offers a hardship modification loan program that helps current borrowers to avoid foreclosure. During the review period the Bank consummated seven hardship modifications within the Bank's assessment area that were to low- or moderate-income borrowers

APPENDIX A
Fair Lending Policies and Procedures

The Division provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

All employees are provided with training appropriate to their job description and responsibilities in fair lending issues. The Bank employs a second review process.

The Bank has 18 employees who are bilingual. Languages spoken are: 2 are fluent in Albanian, 1 is fluent in Bengali, 1 is fluent in Hindi, 12 are fluent in Portuguese, and 2 are fluent in Spanish.

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

MINORITY APPLICATION FLOW

According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 253,975 individuals of which 11.6 percent are minorities. The assessment areas minority and ethnic population is 1.8 percent Black/African American, 3.3 percent Asian, 0.1 percent American Indian, 0.1 percent Hawaiian/Pacific Islander, 4.7 percent Hispanic or Latino and 1.6 percent other.

According to the 2010 U.S. Census Data, the Bank's assessment area contained a total population of 272,201 individuals of which 17.8 percent are minorities. The assessment areas minority and ethnic population is 17.8 percent Black/African American, 2.2 percent Asian, 6.4 percent American Indian, 0.1 percent Hawaiian/Pacific Islander, 6.4 percent Hispanic or Latino and 2.7 percent other.

For 2011 and 2012, the Bank received 681 HMDA reportable loan applications from within its assessment area. Of these applications, 23 or 3.4 percent were received from minority applicants, of which 22 or 95.7 percent resulted in originations. For the same time period, the Bank also received 13 applications or 4.6 percent from ethnic groups of Hispanic origin within its assessment area of which 10 or 76.9 percent were originated.

The Bank's level of lending was compared with that of the aggregate's lending performance levels for the most recent year that data was available, the year 2011. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2011		2011 Aggregate Data		Bank 2012	
	#	%	#	%	#	%
American Indian/ Alaska Native	0	0.0	25	0.1	0	0.0
Asian	2	0.7	1,485	7.5	15	3.7
Black/ African American	0	0.0	127	0.6	0	0.0
Hawaiian/Pac Isl.	0	0.0	27	0.1	0	0.0
2 or more Minority	0	0.0	3	0.2	1	0.3
Joint Race (White/Minority)	3	1.1	207	1.1	2	0.5
Total Minority	5	1.8	1,874	9.6	18	4.5
White	206	72.8	12,749	65.0	296	74.4
Race Not Available	72	25.4	4,979	25.4	84	21.1
Total	283	100.0	19,602	100.0	398	100.0
ETHNICITY						
Hispanic or Latino	5	1.8	334	1.7	3	0.8
Not Hispanic or Latino	202	71.3	14,180	72.2	306	76.9
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.4	140	0.7	4	1.0
Ethnicity Not Available	75	26.5	4,948	25.4	85	21.3
Total	283	100.0	19,602	100.0	398	100.0

Source: 2011 and 2012 HMDA/ LAR, 2011 HMDA Aggregate Data

The Bank's performance was significantly below the 2011 aggregate's performance level for minority applicants. The Bank received 1.8 percent for minorities while the aggregate was 9.6 percent. Conversely the Bank's performance was almost the same as the 2011 aggregate's performance for ethnic minorities. The Bank received 2.2 percent while the aggregate received 2.4 percent for ethnic minorities.

There is an opportunity for the Bank to increase its minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family

or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 42 Main Street, Hudson, Massachusetts 01794."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.